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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

June 14, 2010

Loy Crapo  
350 East 300 South  
P.O. Box 1113  
Delta, Utah 84624

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations, The Bug House, ML 27618, S/025/0025, Kane County, Utah

Dear Mr. Crapo:

The Division received your application to revise a Notice of Intention to Commence Small Mining Operations on July 15, 2009, for the referenced mine. The application was a request to move your mine from State Mineral Lease ML27618 (Township 40 South, Range 8 West, NW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 36) to State Mineral Lease ML51615 (Township 40 South, Range 7 West NW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 31) SLBM, which is approximately one mile to the southwest. The information that was provided is insufficient to approve the move at this time. The following information is needed before the Division can approve this change:

1. You were provided a copy of form MR-SMO (small mine operation) on June 9, 2010, and this will need to be completed for the new mining area, ML51615. As you work through this form, it would be advantageous to give the area a mine name rather than a name referencing the mineral lease number ML27618 as a name. This would avoid confusion in the future as new mineral leases are obtained and old ones are retired.
2. The Division will have to inspect and approve of the reclamation at ML27618 before allowing expansion into the new area.
3. The Division needs to receive a reclamation surety and reclamation contract for the new area ML51615. Below is a copy of the schedule on the small mine surety calculation. The bond is calculated based on planned disturbed acreage from your MR-SMO application.



Small Mining Operation Notices

Project Size (Acres)	Surety 3 & 5 year escalation 2010	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,500 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,400/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,6200 = \$25,000) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,100) (5-year escalation)	\$100.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.
Portal	\$2,000 each opening	
Revegetation after regrading	\$1,000 mob/demob plus \$1,000 per acre seeding costs.	

The amounts listed above are estimates for field conditions that the Division usually expects to be present at exploration site and small mines. As part of the review process, the Division will evaluate reclamation costs and set the bond amount so that the Division could reclaim the site in the event of bond forfeiture.

If you have any questions regarding this letter, please call me at 801-538-5261 or John Rogers at 801-538-5349. In reply, please refer to file number S025/0025. Thank you for your cooperation.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB:jcr:pb

cc: Will Stokes SITLA - wstokes@utah.gov

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